SPEECH

OF

THE HON. A. T. GALT,

MINISTER OF FINANCE OF CANADA,

ON INTRODUCING

THE BUDGET OF 1862,

TOGETHER WITH

STATISTICAL AND FINANCIAL STATEMENTS.

Delivered in Committee of Ways and Means, May 16th, 1862.

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Hon. Mr. Galt rose and said,—Mr. Chairman, I shall have, on this occasion, more than at any similar previous time, to crave the indulgence of the Committee for perhaps a somewhat longer period than is usually occupied in making financial statements. The circumstances in which we now find ourselves placed are widely different from what they have been before, and I am sure the best attention and consideration of the Committee will be given to the facts which I shall have the honor to lay before them. I trust, Sir, it may be in my power fully and clearly to place before the Committee the views of the Government, having reference to the finances of the country and the measures which we deem necessary to put those finances on a sound and proper footing. I hope if I fail in setting forth to the Committee the full sense which we entertain, as well of our own responsibility as of the importance of the steps necessary to be taken, that the blame will be imputed to myself, without injury to the great interests involved. (Hear.)

When, Sir, I last had the honor of addressing the Committee of Supply, at the beginning of the year 1861, the progress of the country had been most satisfactory. Commerce had revived, we had been blessed with a most abundant harvest, and our people were happy, industrious and contented. Now, we find an entirely different state of things. Shortly after we separated last year the unfortunate fratricidal war in the United States broke out, and it has been found to affect our interests almost as disastrously as their own. The great convulsion which now shakes the United States from the centre, we feel in Canada too. The throes through which they are now passing, we cannot, from

our near proximity to them, fail to experience in the injury they produce to the trade and commerce of our country also, and we have, thus, an index to the suffering now being felt both here and there. Sir, at the time when we last considered the question of the finances of the country, we had no prospect of the peaceful relations of this country and of the mother country being disturbed. We had nothing to fear from our neighbors to the South, consequently we had no apprehension of the necessity of our making provision against warlike inroads. But before the year closed, the tocsin of war sounded the alarm almost at our very doors. The country was alarmed at the expectation of immediate invasion, and we are not even now altogether free from the apprehension then excited. Happily, the strong reasons which then presented themselves for taking prompt measures do not now obtain; but still we have to make more than the ordinary provision for the maintenance of peace and order. We have to encounter charges incidental in some measure to a time of war. We have to bring down to the House a measure intended to organize the youth of the country with a view to its defense in case of need. We have, at a time when trade has suffered and our revenue is failing, to meet additional charges on the public exchequer, for defensive purposes. It is necessary that this subject should be broached at the same time that we acknowledge the patriotism of the people and their determination to do all that in them lies to protect their privileges and institutions. (Hear, hear.)

It is true, Sir, that our trade has suffered. The Public Accounts and the Trade and Navigation Returns, which have been laid before the House, shew the extent to which it has been depressed, more particularly during the latter part of last year; and I shall, in the course of my remarks on this occasion, have to point out the extent to which that depression has prevailed during the present year. Still there are some considerations which are beyond those of mere finance. The preservation of our country from invasion and the defence of our dearest rights, require sacrifices greater than those demanded by any other cause. And, Sir, at the time when the Government have to come before the Committee to ask at their hands the means of maintaining the institutions of the country and defending it in case of war, it will be well to inquire as to the extent of our ability to meet those charges. If we were in a position of difficulty, such as we were in three or four years ago, the matter would be a more serious one than it is at present. Fortunately, however, our circumstances are in this

respect changed. This country, I am happy to say, was never in a better position than it is in at this moment, apart from the disturbance of commerce caused by the American war. Our people have had full employment, produce has been abundant and has realized good prices, the trade of our rivers and lakes has been larger than was ever before known. All these circumstances ought to afford us encouragement, and to enable us to do that which we feel to be necessary for the interests of the country. (Hear, hear.) It is altogether a singular position we stand in at this moment. In our whole history we have not had a period similar to the present. We might refer, it is true, to the war of 1812; but we have never, in the memory of any now present, been called upon to contemplate such a state of things as we witnessed a few months ago. There are few nations—I may say there is no nation which has passed through the earlier period of its existence without having had the necessity of struggling for its rights and making sacrifices for its independence. Our position in that respect has been widely different. We have, it is true, incurred liabilities. We have a considerable debt, compared with our population and resources. But we have the satisfaction of knowing that that debt has been created for objects of great utility, and that while the liabilities of most nations have been produced by causes disastrous to commerce and industry, ours have been incurred in the opening up of the great channels of communication through the country, for the improvement and developement of commerce, for the sustenance of education, and for providing the means of dispensing justice throughout the land. I say, then, Sir, that there is but a small portion of our debt to which we cannot point with pride as being incurred for some great public benefit. (Hear, hear.)

With these introductory allusions, I propose to refer the Committee to a comparative statement which I have before me of the relative national debts of several countries, with a view to shew the proportion they bear to their respective populations. In the case of Great Britain, the annual charge on her public debt is £27,807,291, being a percentage on her expenditure equal to 31.08 per cent, and the charge for each inhabitant, 19s. 10¾d. sterling. In France, the annual charge on her public debt is £12,312,673, a percentage on her expenditure of 16.20 per cent, and the charge for each inhabitant, 6s. 9½d. The annual charge on the debt of Austria is £7,630,874, a percentage on her expenditure of 27, and the annual charge 4s. 0½d. per head. In Holland, the charge is 46.04 per cent. on the expenditure, and 12s. 0d. per head on

the population. In Canada, 1861, the annual charge on our public debt was £657,291, the percentage on our expenditure 35.27, and the total charge on each inhabitant but 5s. 2¾d. The object which I have in view in referring to this table will be made plain by the Committee following me through another table, shewing the annual expenditures of several European countries, as compared with that of Canada. In the case of Great Britain, her annual expenditure, in 1860, was £72,578,632, being £2 8s. 9d. per cent., per head sterling. In France it was 1,825,854,379 fr., or £1 19s. 11¾d. sterling per head. In Austria it was 386,047,100 fl., or £1 2s. 4½d. sterling, per head. In Prussia it was 130,615,255 th., or £1 1s. 8¾d. sterling, per head. In Holland it was 86,535,264 fl., or £2 1s. 3d. sterling, per head. In Belgium it was 191,255,990 frs., or £1 12s. 5½d. sterling, per head. In Canada it was, in 1861, $9,318,180, or 14s. 10¼d. sterling, per head. Now the point which I desire to elucidate, in connection with these figures, has reference to the population, and the cost per head which the public debt in Canada bears to the total expenditure of the country. This will be found to be very large, making the expenditure for other purposes relatively smaller. It is larger in the one case and smaller in the other than in almost any other country. In the case of England, the cost of the debt being 31 per cent of the expenditure, leaves 69 per cent to be expended on other objects. In the case of France, the expenditure for other objects than debt is 84 per cent., in Austria it is 73 per cent., whilst in Canada it is only 65 per cent. Now, the inference is evidently this, that we receive good value for the amount we expend. The sum we pay for the civil government of the country is smaller—very much smaller—than is paid in other countries, irrespective of debt on both sides. The position we occupy is therefore an advantageous one. (Hear.) It arises in great part from our not having been required to make provision for the maintenance of an army and navy. We have enjoyed the advantage, from the connection with the mother country, of being defended by her forces, and for this reason our revenue has not been burdened with heavy charges for defensive purposes. The whole revenue of the country, instead of being subjected to a drain for affording us protection from foreign invasion, has been applied either to the payment of interest on our public debt, expended on works of great public utility, or devoted to the maintenance of the government of the country, to the development of our resources, to educational purposes, and to a variety of other objects of the greatest public importance.

Nor, sir, will the percentage I have referred to compare unfavourably with that of the other colonies of Great Britain. I make a reference in this connection to the other colonies, and my object in so doing is partly because in England it is frequently the case that Canada and the other dependencies of the Empire are spoken of collectively, to our disadvantage. I think it will therefore be important to show what their expenditure per head of the population is, for the further reason that the idea is sometimes encouraged in this coutry that the charges on the population of Canada, in proportion to its numbers, are vastly greater than in any of the other colonies; whereas, I think I shall be able to show that, on the contrary, they are generally very much less. Now, in Canada, I have said that the total ordinary expenditure is 14s 10¼ per head. In New Brunswick it is 12s 10d. In Nova Scotia, 12s 3¼d. In Newfoundland it is £1 8s 4¼d. And if we take the group of Australian colonies, we shall find a considerable increase. In New South Wales it is £4 11s 10½d; in Victoria, £4 13s 9½d; Queensland, £6 11s 6½d; South Australia, £4 11s 6½d; Tasmania, £6 13s 5½d; and New Zealand £5 15s 2d. These are colonies which partake in many respects of characteristics similar to our own. They are self-governing, and the chief difference between their circumstances and ours is that, unlike us, they have no frontiers running parallel to a foreign country. To some extent, it is true, their larger expenditures have been induced by the gold discoveries; but they have the advantage of us in respect to defense; and on the whole, as I have conclusively shewn, our position as to taxation is far more favorable than that of our fellow-subjects in Australia.

Referring, as I have done, to our relative position compared with other countries, it may be proper now to advert a little more fully to the position in which we stand at this moment. In this respect, I have the advantage of being able to refer to the recent census, and to place results before the House which have not yet been made public, but which are in course of publication, showing conclusively the great advances which have been made in Canada during the past few years.—And first, I will advert to our population, taken in connection with the debt of the country. The population of Canada in 1852, which was the period of the last census, was 1,842,265, and in 1861, it was 2,507,657, being an annual increase of about 3.47 per cent. I am now about to speak of the average increase for each year, the average being taken on the nine years. We have, then, the following results:—In 1852 our population was 1,842,265, and our debt $22,355,413, being an

amount per head of $12.13. In 1853, the population was 1,906,-191; the debt, $29,992,752; amount per head $15.68. In 1854, the population was 1,972,336, debt $38,851,833; amount per head, $19.61. In 1855, the population was 2,040,776; debt, $45,-855,217; amount per head $22.47. In 1856, the population was 2,111,591; debt, $48,757,619; amount per head, $23.09. In 1857, the population was 2,184,863; debt $52,334,911; amount per head, $23. 97. In 1853, the population was 2,260, 677; debt, $54,892,405; amount per head $24 29. In 1859, the population was 2,339, 123; debt, $54,142,044; amount per head, $23 10. In 1860, the population was $2,420,291; debt; $58,292, 469; amount per head, $24 08; and in 1861, the population was 2,507,657; debt, $58,326,478; amount per head, $23 21. In quoting these figures my aim has been to show that during the last five years the proportion of debt per head of the population has not increased, but on the contrary, it has somewhat diminished during the past three years. Let us take the year 1858, for instance. In that year the population was 2,260,677; the interest on the debt was $3,030,899; and the amount per head, $1 34. In 1861, the population was 2,507,657; the interest on debt was $3,286,457; and the amount per head, $1 31. Consequently, the interest paid on the debt for the year 1861 was less by three cents per head than 1858. Again—and it is for the purpose of making the comparison complete that I draw the attention of the Committee to the circumstance—the ordinary expenditure for 1858 was $8,939,809, being $3 95 per head; and in 1861, the ordinary expenditure was $9,318,180, being only $3 71 per head. Taking from these figures the expenditure required for the purposes of our public debt, we have left $2 61 per head as the charge for the government of the country in 1858, against an expenditure in 1861 of $2 40 per head for precisely similar purposes. The result is that there is a saving, taking the population as a basis, as between the two years, of 24 cents per head—a saving which, when it is compared with the population, represents no less an amount than $601,837. Consequently the expenditure for 1861 was less by $601,837 than for 1858 on the relative number of population. (Hear, hear.)

I now propose, Sir, to refer to a table showing the increase in the population, wealth, and productiveness of the country between the census of 1852 and that of 1861; and I think that the Committee will agree with me that the progress of the country in prosperity during the past nine years has been most gratifying, and such as to entitle us to hope that it may continue in the same suc-

cessful career. I will first take Canada West. In Canada West, in 1852, the population was 952,004. In 1861 it was 1,396,091, being an increase of 46⅔ per cent. The lands held in 1852 amounted in acres to 9,825,915, and in 1861, to 13,354,907, being an increase of 35¾. The acres under cultivation in 1852 amounted to 3,702,788, and in 1861, to 6,051,619, being an increase of 63½ per cent. It will be observed that the population increased 46 per cent. and the acres under cultivation 63 per cent., proving that the ratio of increase of acres brought under cultivation was larger than the increase of the population. Sir, there are returns, which I shall presently lay before the Committee of a still more gratifying character. Unfortunately, in the census of 1852 the value of property was not taken, as in 1861. Thus, there are no exact means of knowing what the value of property in the rural parts of the country was in 1852. Therefore, it is not in my power to make a comparison of the figures on this head between the two periods. But it will be most satisfactory to the Committee to know that the value of the farms in Upper Canada in 1861, irrespective of the cities, towns and villages, was no less than $295,162,315. The value of live stock in Upper Canada the same year was $53,227,516; whilst the quantities of wheat and other grains raised at the two periods of 1852 and 1861—and which shew more than anything else the greater wealth of the country in the latter year—were as follows:—In 1852 there were grown 12,082,550 bushels, and in 1861, there were 24,340,425, being an increase of 103¾ per cent. The statistics of other grains may be stated briefly. In 1852 there were 17,732,169 bushels raised, against 38,122,340 bushels in 1861, being 115 per cent. In flax, the increase has been from 59,680 lbs (almost a cypher) in 1852, to 1,225,937 in 1862, or 1954 per cent. Allow me to recapitulate. While within the past nine years Upper Canada increased 46 per cent in population, the number of acres under cultivation has augmented by 63½ per cent, and the produce of the country has increased, not simply in proportion to the average brought under cultivation, but to the extent of 103 per cent in the case of wheat, and 115 per cent, in regard to other grains. These figures go to prove that greater skill has been brought to bear on the cultivation of the lands of Upper Canada, and the gratifying result is obtained that two bushels of wheat and grain are now grown where one was raised in 1852. (Hear, hear.) Nor, I am happy to say, has Lower Canada failed to make good use of her opportunities. Her progress, perhaps, has not been so great as that of Upper Canada, but it has been sufficiently encouraging to stimulate our Lower Cana-

dian fellow subjects to continue in the laudable course on which they have entered. In Canada East, the population in 1852 was 890,261, and in 1861, it was 1,111,566, being an increase of 25 per cent. The lands held were 8,113,408 acres in 1852, as against 10,223,959, in 1861, being an increase of 27¾ per cent. The acres under cultivation, in 1852, were 3,605,167, and in 1861, 4,678,900, being an increase of 29⅝ per cent, or rather over the increased percentage of lands held. The cash value of farms in Lower Canada in 1861 was $168,432,546, and of live stock, $24,572,124. The bushels of wheat raised in 1852 where 3,073,943, and in 1861, 2,563,114, shewing a decrease of 16 per cent. But it is well known that the farmers in Lower Canada have of late turned their attention more particularly to the raising of other grains, and the falling off in wheat has, in this way, been more than compensated for. In other grains the number of bushels raised in Lower Canada was, in 1852, 12,147,070, and in 1861, 23,534,703, giving an increase of 93¾ per cent. or nearly the same result as was attained in Upper Canada. The proportionate increase in the growth of flax in Lower Canada, during the same two periods, was also very great. In 1852, the product was 145,755 lbs., against 976,495 lbs. in 1861, giving a percentage in favour of the latter year of 570 per cent. The figures quoted in regard to the growth of flax make it clear that our farmers are giving great attention to this most important staple product. The results for the whole Province are that we have an increased population of 36 per cent. over 1852, an increase in the number of acres of lands held of 31½ per cent., in lands under cultivation of 46¾ per cent., in bushels of wheat raised 79 per cent., in bushels of other grains raised of 106¾ per cent., and in pounds of flax grown of 972 per cent. Subtracting from the total population, in 1861, the figures returned by the enumerators specially appointed for cities and towns, namely, Canada East, 153,389; Canada West, 103,885—together, 257,273—we have for the rural population of Canada East, 958,177; of Canada West, 1,292,207—of all Canada, 2,250,384—giving as the cash value of the farms per head of the rural population—men, women and children—in Canada East, $175¾; in Canada West, $228¾; in United Canada, $206, exclusive of the value of live stock. These estimates are given of the rural districts irrespective of the cities and towns. The statement is not quite fair to Lower Canada, because if the cities were brought in, it is certain that Lower Canada would compare far more favorably with Upper Canada in wealth and numbers. (Hear.) I endeavoured to obtain the returns for the cities, but it

was impossible to have them completed in time for my present statement. It must be gratifying, however, to most of us to know, and particularly gratifying to the Lower Canadians themselves to find, that even from the incomplete returns I have already made use of, the disparity in the wealth, numbers, and industry of the two sections of the country is by no means so great as is generally supposed—(hear, hear,)—and as has been very often asserted by Honorable gentlemen interested in pressing the extreme views of Upper Canada. (Hear, hear.)

There is another point connected with the statement I have just given, which, I think, it may be as well to state to the Committee. I have set forth the results presented by the Census during the past nine years. But there is another way in which those results may be considered. We know from these returns that fixed property, and also the productive power of the country have augmented to a large extent—to an extent far beyond the increase in population, large as that has been. Now, it is important the Committee should be reminded, that owing to the completion of our canal and railway system, the value of the produce raised in the country has also been greatly increased. I have here a return shewing the price of Wheat during a number of years past, and without desiring to trouble the Committee with the figures—for I fear I have already dwelt too long on these points already—(Cries of "No! no!")—I may state the result, which is an average increase on the past ten or twelve years of about 20 per cent., comparing Toronto with New York. That is to say, there has been an advance of 20 per cent. on the comparative price obtained twelve years ago, relatively to what it is now. I have no doubt the honorable member for West York (Mr. Howland) will corroborate this statement. The price of grain in Toronto now bears a much nearer relation to the price of grain in New York than was the case before these improvements were made. It is thus clear, if the productive power of the country has been largely developed, and the fruits of the soil realize better prices, the public improvements we have undertaken have been of the greatest possible benefit to the country. (Hear.) If, putting at the moderate figure of 10 per cent. the permanent increased value given to our products by reason of these improvements, it is evident that the country gets every year in return at least six times as much of the annual cost of the improvements. (Hear.) It is well that this should be fully understood by the country. It is too often supposed that our canals and railways and other public improvements cost much and yield nothing to the public

exchequer; consequently, that they are heavy, unproductive burthens. Sir, there never was a greater fallacy. It is those improvements which, in a great measure, have been the source of the progress of the country. (Hear, hear.) We find ourselves to-day, thanks to the policy which has been pursued in these respects, very much richer as a Province than we were at any previous period of our history. We have a smaller burthen per head to carry than we had five years ago, and we are in a position of greater ability to carry it. If it were not so, I should certainly have cause for apprehension in approaching the subjects to which I shall have presently to advert. The improvement I have noted, I feel, and we must all feel, is not of a temporary or delusive character. It is a permanent improvement, and there is no section of the country which has not been benefited by it. Knowing, then, as I do, that the material strength of the country is greater than it has ever been before, I can approach, and do approach without hesitation the difficult circumstances in which I am now about to address the Committee. I am cheered by the assurance that we are not without a fair side to oppose to the dark one. We have had, it is true, to encounter during the year a diminished revenue, and increased charges on our finances. But there are redeeming features in our position—features which should induce us to look forward with hope that the causes which have already placed us where we now stand may help us still further forward. They are operating very strongly to direct immigration in this direction from the United States. And whatever burthens we may have imposed on the people, they bear no comparison whatever to the sacrifices which our friends and neighbors to the South have, by reason of their unfortunate quarrel, been compelled to undergo. We may have, as a measure of protection, to make sacrifices to a certain extent for our protection, but we have the satisfaction of knowing that, unlike our Southern neighbors, our fields are not desolated by war, our industry is not diverted from its proper channels—that our laborers are still busy in their fields, and our mechanics in their workshops. The trade we have enjoyed with our neighbors has no doubt fallen off, but the injury to that trade has not affected us to the extent that it has been felt by them. It is to immigration we have to look as the chief source of our wealth; and amongst the causes which operate to induce it, I may mention the certainty of law and order being preserved, while the burdens of the people are light, and they possess freedom of action and thought. Fortunately for us, in all these respects we are in a better position than the people of the United

States. And I do hope that the recommendations of the Committee so ably presided over by my hon. friend from Montreal, West, (Mr. McGee,) supported as they will be by all the influence which can be given by the members on this side of the House, will have the effect of causing a marked improvement in the extent of immigration which now seeks our shores. (Hear, hear.)

I will now, sir, proceed to address the Committee on the state of the finances for 1862. It is self-evident that any system of taxation which may be now adopted, cannot take effect for more than about six months of the year, and that we are now suffering in many respects from the evils of a state of war, although we are not engaged in hostilities. I find that our revenue has been falling off very seriously, and if we had a difficulty in meeting our engagements last year, that difficulty must necessarily be greatly enhanced during the present year. I have no hesitation in saying, in view of the fact that any proposed taxation of the country will not produce more than a six months' revenue against a twelve months' deficiency, that it will be impossible to make adequate provision through taxation for the wants of 1862. It will be my duty, presently, to state what those wants will be, and to state also, as nearly as I can, what it is expected the revenue will be. I will then proceed to indicate the serious difference existing between those two amounts, and to state to the Committee the mode in which I propose to meet it. It will be my duty afterwards to refer generally to the financial condition of the country, and to endeavour to point out that, in my opinion, the time has arrived when it is desirable so to arrange the finances of the Province, that we may not be subjected in the future to the same consequences which have overtaken us in the past.

On this occasion, Mr. Chairman, in addition to the ordinary requirements to meet the interest on the public debt and to maintain the civil government of the country, we have to make provision, or rather to ask the House to make provision, for the Militia. The expenditure for the Militia service may be stated in round figures as $850,000. That is the amount which will be required, if armories are constructed and clothing is provided for 30,000 men, as is proposed by the Government. Only $370,000 of this amount, however, will fall as a charge upon the ordinary revenue of the year. Still, amongst the requirements of 1862, we have to consider that the whole amount is to be raised. And we have also to consider of the sum required for the Ottawa Buildings. (Hear, hear.) The statement would not be complete if I omitted

this important subject. (Hear, hear.) I will take this opportunity of stating the amount which the Government propose to recommend the House to grant for the Ottawa Buildings. That amount is $700,000. (Hear, hear.) I have also to call the attention of the Committee to the fact that the *cadastres* for the Seignorial Tenure will be completed at an early period, and that provision must be made for payment to the parties entitled to it of the amount of the fund wich is applicable for their payment. That fund will amount in round numbers—for it is impossible to state it accurately till the *cadastres* are completed—to about $800,000. That is the appropriation that was made in 1854. It is the capital, not the interest. When that amount is expended, it will have wiped off so much of the claim. It is the amount which will be found in the Public Accounts carried from one year to another under the head of Seignorial Indemnity Fund. It becomes due on the completion of the *cadastres*, showing the proportion in which it is to be distributed. The remainder of the fund consists of perpetual annuities, which have not to be redeemed, or if redeemed can only be done with the joint consent of the Government and the holders of them at 25 per cent. discount. Besides these items which I have mentioned, we have to redeem the balance outstanding of the Consolidated Municipal Loan Fund Bonds, of $399,030. That of course is a redemption of the Public Debt to that extent. Still it is an amount for which we have to make provision, and it is therefore properly included in the sum total of the amounts to be raised in the year 1862. I shall now, with your permission, recapitulate the sums which are estimated to form the total expenditure of the Province for the year 1862. The amount of the estimates as brought down, is $7,132,528. The Militia, $850,000. Ottawa Buildings, $700,000.

Mr. McGee—Not $850,000 for the Militia this year.

Hon. Mr. Galt—Yes; that sum has to be provided, but covers the armories and other permanent expenditure. I will afterwards make the distribution between the permanent and the other expenditure. I am now stating to the Committee the whole amount for which funds will have to be provided, and it will afterwards be my duty to shew how the expenditure is to be met.

Hon. Mr. Foley—Does the $700,000 complete the Ottawa Buildings?

Hon. Mr. Galt—The government believe it will be sufficient to enable us to meet in the Parliament Buildings. [Hear hear.] It

is not the intention of the Government to ask any thing further till Parliament is there. No doubt after we are there some further sums will be required for ornamenting the grounds, &c. [Hear, hear.]

Mr. RANKIN—Will any of that amount be applicable to paying what is now due on the Buildings?

Hon. Mr. GALT—I will enter into details when that item of supply comes up. The next item is, other Public Works, comprising the ordinary public works, light-houses, roads and bridges, and all that class of work. The appropriations for these come down in the Supplementary Estimates, and sometimes a portion of them in the ordinary estimates. The final estimates of the Board of Works in regard to some of them are not yet completed, and I shall therefore state an amount which will abundantly cover them. The estimate then for light- houses, coast service, roads and bridges, &c., and the construction of Court Houses and Gaols in Lower Canada—the whole outlay of the Board of Works beyond that on the Parliamentary Buildings—is $639,000. The Ocean and river steam service will require, according to the existing contracts, $436,000. The redemption of the Seignorial Rights, as I have already stated, requires a provision in capital of $800,000, and for interest and the expenses of the commission, $160,000, making under that head, $960,000. [Hear, hear.] The townships indemnity fund, connected with the Seignorial Tenure, I estimate will require only about $40,000 this year. The redemption of the Public Debt, consisting of outstanding Municipal Loan Fund bonds—some of which may not come in, but I assume they will all come in, because they are now receiving no interest—will require $399,030—making a total of $11,156,558. But in addition to that I have to add the cost of collection of the revenue, of the maintenance of Public Works, and of the Crown Land service, making an addition of $1,370,500. Consequently the total outlay of the year is estimated at a sum not exceeding $12,527,058. [Hear, hear.] But I think I may venture to say that the sums I have named are outside sums, and that I have not been in any way desirous to understate the amounts that will be required.

I have now to examine the means which will be at the disposal of the Government, under existing laws, for the purpose of meeting these liabilities. I have an estimate here of the various items of revenue, and I may add that I did not print the estimates of revenue, because the important changes, which it will be my duty,

before I sit down, to announce to the Committee as recommended for their consideration, will make so much difference in the results to be obtained under the two heads of Customs and Excise, that any estimate I could have offered unaccompanied by an explanation of what was proposed to be done with these items, would have been wholly delusive. In the estimate of other items, besides Customs and Excise, there is nothing unusual. Some of them are a little more, some a little less than last year. The whole of them together, beginning with Post Office and ending with Miscellaneous, amount to $3,131,900. These are the ordinary items of revenue, besides customs and excise. In proceeding to refer to the revenue from Customs I have to ask the attention of the committee to the way in which it has already been affected by the war in the States, and the probable results that are likely to follow during the year, assuming the customs laws to remain as they are. The revenue from customs for the first three months of the year stood thus. In 1861, during the first quarter of the year, we had an importation of $5,873,769 of duty paying goods, yielding a revenue of $1,174,270. In 1862, for the corresponding period we had an importation of only $4,256,570 of duty paying goods yielding a revenue of $785,829—the result being for the first three months of this year a diminution from Customs Revenue alone amounting to $388,441, being as nearly as may be a loss of 33 per cent as compared with last year. (Hear, hear.) Perhaps no stronger evidence could be given of the influence which recent difficulties in the United States have had upon the trade of the country. I might say present difficulties, but my belief is that that return was injuriously affected by the occurence of the *Trent* affair just at the very end of the year, which no doubt prevented a great many orders being sent to Europe, and that it was this which caused so very marked a falling off on the first quarter. I now propose to state to the committee the result to the 13th of May, that is three days ago.

The customs receipts from the 1st January to the 13th May, 1861, were $1,858,297, and in 1862 they were $1,362,442—being a decrease on the duties for 1862 to the 13th May of $495,854. But in stating these figures to the committee—and in doing so I believe I only comply with my duty in bringing down the statement to the latest day I could—I have the satisfaction of drawing their attention to the very decided improvement which has taken place, due to the effect of returning confidence. The first period to which I referred gave a loss of no less than 33 per cent. But since the close of that period to the 13th May, the loss has been

only 15 per cent. (Hear, hear.) The loss has been going on since the 1st April at the rate of 15 per cent, while for the first three months of the year it was at the rate of 33 per cent, the average having been a loss of 26 per cent. Now I think, unless some new disturbing influence comes into operation, we may assume, with some degree of accuracy, that the remainder of the year will not be worse than the last six weeks have been. I think it safe to make that estimate, because the last six weeks commencing with a loss going on at rate of 33 per cent, ended with a loss at the rate of 15 per cent for that period. I think it safe therefore to assume the diminution of receipts from Customs for the remainder of this year at 15 per cent, as compared with last year. The loss already has been $495,854, a loss of 15 per cent on the returns for the balance of the year, will be $437,400—making a diminution of revenue from this one source of not less for the whole year than $933,254. (Hear, hear.) Consequently, unless some means is found for obtaining more revenue from customs' duties, the income on revenue for the year from that source will be only $3,840,746. With respect to Excise, there is no estimated deficiency. We received a somewhat larger amount than usual for the early part of the year, and we have no reason to suppose that the amount for the whole year will be diminished. I have also to state, with reference to the Excise, that it will be my duty to submit a more efficient system for its collection, and from that I anticipate an increase will be obtained, apart from that derived from any increase of duty which the Government may recommend this House to adopt. The amount estimated to be derived from Excise and Licenses is placed at $402,404. This is under the law as it stands, but with the improved system of collection for the next six months. Under the present laws then, the estimated receipts from Excise are $402,404—from Customs, $3,840,746—and from other sources, $3,131,900—making a total of $7,375,050, which is the amount expected to be derived from the ordinary sources of revenue during the present year, and which, it is plain, unless provision is made by Parliament for supplying additional means, is all that would be at the disposal of the Government to meet the charges I have previously enumerated. It is true that the Government have now the power, derived from this House, to issue a considerable amount, about $3,000,000 of Debentures, but it is clear that the effect of issuing those would be just the same as asking the House now, as I propose to do for the means of meeting these liabilities otherwise.

The liabilities for the year I have stated at $12,527,058, and the revenue at $7,375,050.—Consequently the amount of money

to be provided beyond what we expect to get from existing sources of revenue, is no less than $5,152,050. (Hear, hear.) Now, Sir, I propose to state what portion of that amount of $5,152,050 may be considered as distinguished from the ordinary expenditure of the country, and therefore a fit subject to apply to Parliament for power to raise money by loan. In the first place there are the militia armories $240,000; then there is the advance for clothing, which will cover the next four years, but the whole has to be paid this year, amounting to $240,000—making altogether $480,000 out of the item of militia. Then there are the Ottawa Buildings, $700,000. The next item is the Seignorial Tenure $800,000. The next is the Redemption of Municipal Bonds, $399,030. The total of these items is $2,379,030, for which I do not think any member of this committee will question the propriety of making provision, as permanent expenditure, or which any one would seek to make a charge upon the ordinary revenue, and particularly as regards the expenditure on the Ottawa Buildings and the provision to be made for the Seignorial Tenure, any other mode of treating them would convey a very improper and erroneous view of what are the charges upon the country for the current year. Consequently the deficit for 1862, under the existing laws, will be, or is anticipated to be, $2,772,978. That is the difference between the ordinary subjects of expenditure within the year and the ordinary sources of revenue; against that is an estimate of certain new taxes and new sources of revenue which it is proposed to create, and which it is anticipated will, within the course of the present year, yield an amount of $1,340,658. I mean to state, as nearly as I can, and as fully as I can, the means whereby it is expected this amount is to be raised. But, if the committee will indulge me for a moment, at this particular stage of my explanations, I will only state the amount which is expected to be raised during the present year, without giving the particulars. The object of this will readily be seen in the course of my remarks. As I have said, I anticipate that the receipts from the new sources of revenue which it is proposed to create, will be $1,340,658, and consequently the deficit of ordinary income beneath the ordinary expenditure will be reduced to $1,432,320, and there will require to be raised by credit for objects of permanent outlay, as I have already stated, the sum of $2,379,030—making a total of $3,811,350, which will have to be provided for the wants of 1862, permanent and ordinary, exclusive of the additional taxes to which I have referred. I shall now proceed to state the mode in which I propose to ask the sanction of the committee for the raising of this amount.

Mr. MACDOUGALL—Are the Committee to understand that the new taxes will produce $1,340,658 or the balance of this year.

Hon. Mr. GALT—Yes; that is the estimate for the balance of the year. I shall give the estimate for the whole year, bye and bye. The mode we have adopted for a great many years past of raising means to meet deficiencies, or the amount required for Public Works, has been to dispose of our Bonds either in Canada or in London. More recently we have sought to transfer the whole of our debt to the London money market, and to reduce the rate of interest upon it to one more corresponding to the rate of interest in England—the interest which our bonds bear there being five per cent. I have found a good deal of difficulty existing in this country, in obtaining the means of making investments here. We have withdrawn from circulation the whole of the Municipal Loan Fund Bonds. We have withdrawn almost the whole of the original Canada six per cent currency bonds. And scarcely a week passes without application being made to myself, or to my honorable friend, the Receiver General, with regard to the means of making investments in Canada. That such a means of investment should exist is an object highly desirable, as regards some of the Savings' Banks—and may be made very useful for many of the ordinary mercantile institutions of the country. Now, the mode by which I propose to ask authority to raise this amount of nearly four millions of debt is this: I propose to constitute a Colonial Provincial debt,—(Hear, hear,)—and to ask the authority of the House to do so to the extent of $4,000,000, bearing a rate of interest not exceeding 5 per cent., and that the form in which it should be issued should be that adopted by the English Government, viz: Exchequer Bills. (Hear, hear.) Of course the details of the measure I shall lay hereafter before the Committee. At present it is only necessary to state further that, while these Exchequer bills will be payable at two years' date, I propose in connection with this to introduce a new feature, one calculated, I think, to give them much greater currency. I propose that these bills should be redeemable on ten day's notice, that is to say, if any bank or party holding them desires to have them cashed by the Government, they may have it done on giving ten day's notice. The result of this, I think, will be that the bills will always maintain themselves at par, unless in the improbable event of the country being placed in such a condition, that its credit would permanently suffer. If they are maintained at par, as I think they will be, they will pass from hand to hand, and no demand will be made on the Government till the expiration of the two years,

when the position will be, not so much that the holders will desire to get the money, as that the Government will have to consider whether it will be better to redeem them, or to fund them, or to issue other bills in their stead at a lower rate of interest. I shall ask the House to give me authority to issue an amount not exceeding $4,000,000 of Exchequer Bills of the character I have mentioned. I am satisfied, from the experience I have had during the last few years, that the proposition will be favorably received by the whole mercantile and monied community, and that they will consider it a great boon to have this amount of Provincial currency circulated in Canada. (Hear, hear.) It is not my intention, therefore, to propose any increase of the ordinary Provincial debt during this year. I think it is very desirable and will be found a source of security to any Government, that the subjects of a Government should have a personal interest in its maintenance and in the prevention of disorder within the country. It is also desirable that we should put an end, so far as we can, to the large drain there is upon our resources, in remitting to England the interest on our debt. (Hear, hear.) We have fortunately now arrived at that period when parties are willing to lend us money in Canada at 5 per cent., just as willingly as a few years ago it was lent at 6 per cent, and there is not likely to be more difficulty in disposing of the one security in Canada now, than there was then in disposing of the other. (Hear, hear.) The amount then that I propose to raise in 1862 by means of new taxes is $1,341,000, and by the issue of Exchequer Bills, $3,811,000 or such smaller amount as may be sufficient to meet the total deficiency for the year which I have estimated at $5,152,008.

I now propose to offer a few remarks in regard to the general considerations which ought to weigh with the Committee in adjusting the taxation of the people, and, before adverting at greater length to this very important subject, I think it would be well for a moment to recall the results which at an early stage of my remarks I placed before you. I then stated that the burden of taxation upon the people of Canada, in proportion to the number of the population, had diminished instead of increasing during the last four or five years. I also stated that the interest upon our debt, relatively to our population, had also decreased during the same period. I stated also that, rapidly as the population had increased, the wealth of the country had grown at a vastly more rapid rate, and consequently that the Province was never in a better position than it is now, for considering the means of providing for its positive, absolute

outlay, year by year, and though it may appear as if I were selecting on this occasion a year when every thing was adverse, for the purpose of making these changes, yet perhaps when the subject is more clearly understood and more fully looked into, it will be found that this is precisely the year when those changes ought to be made, when they can be made with the least derangement to trade, and when we feel in reference to the position of our neighbors in the South, that resources are now placed at our disposal which were before. Besides I do not think it would be consistent with the maintenance of the credit of the country, if we allowed a statement of our large liabilities for this year and the diminishing revenue we have to meet, to go forth to the world, without indicating by our legislation our determination manfully to assume the burden which the necessities of the country place upon our shoulders. (Hear, hear.) I will refer for a few minutes to the past fiscal legislation of the country. I have had a table prepared which shews some very interesting facts in connection with it. I do not propose to trouble the Committee with these at any length, but I shall take care to place the tables to which I have referred, in the hands of hon. members on an early occasion. But, if we take the articles which formed the subject of taxation heretofore, we will find the rule of political economy, that, as you increase the duties you diminish the consumption, is almost invariably applicable to the leading articles we import. In some articles this has been very remarkable; in others it has not been so marked, but with reference to these, it will always be found there was some other influence which tended to prevent it. (Hear, hear.)

The past fiscal legislation of Canada has necessarily been governed to a very great extent by the policy of the United States with regard to their tariff. The United States' tariff must, on account of our long frontier, necessarily affect very greatly our ability to raise ours. If we impose taxation on articles on which they impose no taxation, and raise our duties to a certain point, the very object for which the duty is imposed will be defeated by illicit trade. We have consequently never been able to impose duties on many of those articles which in other countries are regarded as the most fit subjects for revenue. But the unfortunate circumstances in which the United States are now placed have obliged them to tax almost every article we receive from them. There is scarcely any thing which is not already, or will not very soon, be subject to very heavy duties in the United States. This, then, I take it, is the best time for us to review our whole system

of Customs Duties and Excise, and to see if we can so adjust those duties as at the same time to obtain the necessary revenue, and to do so without disturbing the industry of the country, or throwing back any of the interests which now exist amongst us. (Hear, hear.)

I have regarded the year 1862 as an exceptional year. For the future we may hope this exceptional state will have passed away, and we shall have returned to what I trust is our normal state of peace and prosperity. It is therefore well to see how much we are likely to require one year with another after 1862. Assuming the militia expense about $500,000, the ordinary expenditure may be stated at $10,000,000, and the ordinary revenue at $8,000,000. Consequently, what we would have to provide for as the deficiency in future years is about $2,000,000, which, however, would no doubt be reduced from year to year by the increase of population and consequent increase of revenue. But starting from the point we are at now,—I consider it would not do to recommend measures to this House that would have for their object to add to the revenue of future years a less amount than $2,000,000. Consequently the measures which I shall presently state to the House, are intended to have the effect of raising the revenue from $8,000,000 to $10,000,000. (Hear, hear.)

There can be no question that, in establishing the taxation of a country, it is desirable that we should be governed by just principles, that we should endeavour to avoid as much as possible any thing approaching to class legislation, that we should distribute the burdens on the members of the community as equally as possible, and that we should not offer any inducements or advantages to one class of our fellow subjects over another. It is desirable, in considering the principles of taxation, that we should take those taxes which can be most readily collected, which are least likely to run counter to the moral sense of the community, and which can be collected at the least expense. If these general principles are admitted, it will not be disputed that spirits, beer, and tabacco form fit subjects for taxation to any reasonable extent to which it can be carried. (Hear, hear.) The limit of taxation upon spirits I take to be the ability we have to collect a revenue. The excise duty on spirits at present amounts to 6 cents a gallon, and there having been no excise duty in the United States, a good deal of whiskey has been, I believe,

smuggled into this country and disposed of. It has been found that an excise duty of even 6 cents per gallon was rather higher than could be advantageously collected. But that arose from the fact that the United States imposed no excise duty.—Now that state of things is about to change, if it has not already changed, and I think that, in dealing with the article of spirits, we ought to be governed by the amount we can raise, in view of the duties which are about to be imposed in the United States. The Bill which is before Congress proposes to levy 15 cents a gallon, and I understand that, before it finally passes, it will be 20 cents. And I propose, Mr. Chairman, to put a resolution in your hands this evening, imposing an additional duty of 14 cents a gallon on all proof spirits manufactured in Canada. (Hear, hear.) I propose also to attack a somewhat similar object of consumption, beer. The excise duty upon beer is one cent a gallon now, and I propose to adopt the same duty as is proposed in the United States, namely, 3 cents a gallon, which would make the whole duty equal to $1 per barrel. I have further to propose that when spirits change their character, when they are rectified, or when they are transformed into some other liquor than whiskey, that process shall be subjected to duty also, and that parties who are engaged in the business shall be compelled to take out licenses and be subject to the supervision of the Revenue Officers. (Hear, hear.) The amount I propose to ask the Committee to place on rectified sprits is 10 cents a gallon additional. Those changes in the excise law are calculated to yield the following amounts per annum—not for the present year, but per annum—Beer will yield an additional revenue of $110,960; spirits, an additional revenue of $591,296; rectified spirits, an additional amount of $84,530. I propose, also, to put an excise duty of 3 cents per pound on tobacco, and to oblige the manufacturers of tobacco to take out a license. The duty, it is estimated, will yield $57,030, and the licenses $1,500. Unmanufactured tobacco is exempt from duty under the Reciprocity Treaty, and it is impossible, therefore, to impose upon that article any customs duty. At the same time I have always thought that tobacco was as fair a subject for taxation as could be selected. The duty in the United States is very small, and it is clear that, if we imposed a much larger duty than they impose, the result would be that the whole of our supply would be smuggled. That has been the result of imposing a high duty before. I propose to make it 2 cents more than it is at present; and I think it likely unmanufactured tobacco will come in here and be manufactured, and we will thus save a certain amount on the manufacture. These

items that I have gone over are estimated to yield for one year from the 1st of June, 1862, to the 1st of June, 1863, an addition to the present revenue of $845,316—of which I think we may fairly estimate one-half, or $422,658, as likely to come in within this year, because we have seven months' instead of six in which to collect it.

I now come to the alterations that I propose to make in the customs' laws, and as they are of a very important character, I entreat the attention of the Committee for a few minutes while I endeavour to explain them clearly. It is plain, Sir, that in the circumstances in which we are placed, revenue is certainly the object we are first bound to obtain. It is not by tampering with or increasing the duties on a great variety of small articles that we are likely to secure the object of creating a large revenue. If our wants are great, we must undoubtedly approach those articles that enter largely into the general consumption of the people. There is no way by which we are so sure of obtaining the amount we require. I therefore believe it will be necessary, in addition to the duties on spirits and beer, to apply to the leading articles of consumption of the whole people, in order to sustain our revenue and arrest the great falling off that has already taken place. From what I have said on this point, I know that the articles to which I advert, have already suggested themselves to the minds of many members of the Committee. Now, I believe it will be found that tea and sugar are the articles which are the steadiest as to the amount consumed in the country, which are the most generally consumed, which are not very high in price, and the levying of a duty on which is the easiest and least objectionable approach to a direct tax that could be made. If it were necessary to apply those taxes permanently it might be objectionable; but it must be borne in mind that we are precisely in the position of a people who have to impose war taxes. We are suffering in many respects the disadvantages and evils of war, though we are free from its miseries and horrors.

As I said before, Sir, we must obtain additional revenue, and I have made up my mind that in order to obtain that revenue and uphold the credit of the country, it is absolutely indispensable to call upon Parliament to levy additional duties on tea, sugar, molasses and coffee. (Hear, hear.) It may be well to revert for a moment to the duties at present imposed on these articles, in order that the committee may understand exactly what the effect of the proposed additions will be. The duty on refined sugar

was 35 per cent from 1st July, 1860, to 1st July, 1861. It was 25 per cent from 1st July, 1861, to 30th June, 1862. It is still paying 25 per cent, and from 1st July this year it will be subject to a duty of 15 per cent. Raw sugar was subject to a duty of 25 per cent from 1st July, 1860, to 30th June, 1861, of 15 per cent to 30th June, 1862, which duty it is now paying, and 10 per cent afterwards. Tea and coffee were liable to a duty of 15 per cent from 1st January, 1860, to 31st December, 1861; 10 per cent from 1st January, 1862, to 31st December, 1862; and to 5 per cent thereafter. Consequently the rate of duty which may be said practically to exist on these articles from 1st July next is, on raw sugar 10 per cent, refined sugar 15 per cent, and after the end of the year 5 per cent on tea and coffee. These duties, I think the committee will agree with me in saying, are light. In the United States they impose a duty of 2½ cents per lb. on raw sugar. Now our present duty on raw sugar will amount to about four-tenths of a cent. It is my intention to ask the committee to grant for a period of two years—and I may state here that the duties I propose on tea, coffee and sugar will be for a period of only two pears—a duty of 2 cents per lbs. on sugar—both raw and refined. In this connection I would like to revert for a moment to a table showing what the duty on these articles has been before, because it may be thought that the proposed imposts are higher than ever made in Canada. In 1852 refined sugar paid a duty of 53 per cent of its value; in 1853, 40 per cent; and in 1854, 39 per cent. Raw sugar paid in 1852, 50¾ per cent, in 1853, 40¾; and in 1854, 39 per cent. I have here a table showing in regard to raw sugar that it was in 1850 subjected to a specific duty of 9s. per cwt., and 12½ per cent *ad valorem*. The duty I propose now is 10s. per cwt., and 10 per cent *ad valorem*; in 1853, it was 6s. and 12½ per cent; in 1855, 8s. and 6s. 6d. specific duties; and since that period it has been going down. But I wish the committee to observe that the rate of duty in 1850 was very nearly as is now proposed. Now, with regard to molasses, it has necessarily to follow the rate on sugar, and it is proposed to apply a specific duty of 3 cents per gallon; on tobacco an additional duty of 2 cents per lb., on coffee 3 cents, and on tea 10 cents. (Hear, hear.) This is the duty that will be asked for a period of two years. I prefer making the duty on this occasion specific, though my general views have not changed in any respect as regards the correctness of the *ad valorem* principle. But when I find myself in the position in which I am now placed I think I am bound to apply duty in that way which I think most likely to produce the result I desire, an augmentation of the reve-

nue. When peace prevailed in the United States and there was no duty on tea, it was impossible for us to levy a high duty without the danger of smuggling, or the moral certainty that we would be unable to collect it. There can be no smuggling in tea unless our duty is higher than theirs, and that brings me to the point I propose to come to. The American duty is now 20 cents per lb. on all descriptions of tea.

Hon. J. S. MACDONALD—You have not explained whether you intend to abolish the present duty.

Hon. Mr. GALT—I do not intend to disturb the present law, because other sources of revenue and the general progress of the country will, I confidently expect and believe, enable us at the end of two years to dispense with these duties.

Mr. HOWLAND.—The same principle applies to all other articles?

Hon. Mr. GALT—Yes; sugar, molasses, coffee and tea.

Mr. HOWLAND—The *ad valorem* remains, then?

Hon. Mr. GALT—Yes; as I said before, these I propose are special duties to carry us through the crisis in which we are placed by the American war. There is, Sir, a trifling article of confectionery, the duty on which will have to be assimilated to that on refined sugar. It is a small article and I propose to put 5 per cent upon it. The result I anticipate to be derived from these imposts is as follows, taking the importations of last year as a guide.—On refined sugar, $13,580; raw sugar, $808,510; molasses, $38,757; tobacco (manufactured), $50,896; coffee, $20,220; tea 474,510; confectionery, $2,100—making a total of $1,408,573. It is perfectly clear that the imposition of these taxes will tend to diminish the consumption of the articles taxed. I therefore assume that instead of yielding half of what we would receive for the whole year, the gross amount that will accrue during the remainder of 1862, will be about $600,000.

Now, Sir, in addition to the sources of revenue I have already indicated to the committee, I think it is desirable that provision should be made for obtaining from the general business transactions of the country some contribution to the revenue. (Hear hear.) It is quite clear that when a great proportion of the revenue is derived from only one or two articles, the income is liable to be

deranged at any moment. It is better, if we can, to distribute the taxation over the various branches of business, so that if one suffers, the whole revenue will not suffer with it, but be able to maintain itself. As a general rule, when we come to consider the sources from which our revenue is to be derived, I think it desirable to make the distribution equal over all branches of business. With this view, I think the committee should consider the propriety of imposing a small stamp duty. (Hear, hear.) It is a source of revenue extremely lucrative, and is besides one of the surest. On this continent I know there is a prejudice against a stamp act, but I think there is no duty likely to interfere so little with the ordinary course of trade or business, so easily collected, or upon which the cost of collection is so small. I do not propose to ask the committee to impose a heavy stamp duty; but I do think that upon this occasion, when we are obliged to look around in every direction for revenue, we should introduce it into our financial system. I therefore propose to limit the imposition of stamps to sums over $20.—all receipts exceeding that amount to bear 1 cent duty. I also propose that every cheque drawn upon a bank should bear a cent stamp, irrespective of the amount. On every promissory note or bill of exchange not exceeding $20, I propose a 1 cent stamp; exceeding $20 and less than $40, 2 cents; exceeding $40 and less than $100, 5 cents; exceeding $100 and less than $200, 10 cents; exceeding $200 and less than $500, 20 cents; exceeding $500 and less than $1,000, 30 cents; exceeding $1,000 and less than $2,000, 50 cents; exceeding $2,000 and less than $5,000, $1; and on all bills exceeding $5,000, $2 stamp. The amount, it will be readily seen, is so inconsiderable that it cannot by any possibility affect injuriously the business transactions of the country, while it will give us a very considerable revenue, but the amount of which from the limited data in my possession I am unable accurately to estimate.

Mr. PATRICK—Do you mean that to apply to every note discounted at the banks?

Hon. Mr. GALT—It will apply to every promissory note or cheque over £5.

Mr. FERGUSON—Does that apply to every merchant's account? Will his receipts have to be stamped?

Hon. Mr. GALT—If they are over £5. It is also proposed, Sir, to require a cent stamp to be applied to receipts for any sum paid over $ 20, except on receipts by public officers for money paid to them

on public account, if deposit receipts for money paid to bankers to the credit of the depositor, are granted not exceeding $50, 1 cent, and exceeding $50, 2 cents. That is the whole extent to which I propose to apply stamps to mercantile transactions and no further, and at the proper time I will enter into my reasons for it. It is proposed to require copies of deeds or instruments attested as copies by any public officer having executed the original or having copies thereof attested under seal as true copies of the original, to have a stamp of 25 cents; to each notarial deed or instrument given under seal, 25 cents; to each letter of proof executed in this Province, 25 cents; to each discharge of a mortgage, one-half the duty which the deed itself would bear. I find I have omitted to state, with reference to the transfer of real property, that on each deed or instrument of conveyance, it is also proposed to impose a small stamp duty, as follows: On each deed or instrument, notarial or under seal, by which any real or immoveable property in the Province is conveyed, mortgaged, incumbered or hypothecated, for or in consideration of any sum of money not exceeding $100, 25cts; exceeding $100 but not exceeding $500, 50cts; exceeding 500 but not exceeding $1,000, $1; exceeding $1,000 but not exceeding $2,000, $2; and for every additional $1,000 an additional sum of 50 cts. It is further proposed—and the reason for it is obvious—to require the imposition of a small stamp of 3 cents on telegraph messages. The telegraph enters into competition with the Post Office, and largely diminishes the revenue from that service, and there can be no reason why those who use the telegraph should not contribute to the revenue. The plan has been proposed in the United States, and in the discussions which have taken place in the Legislature of that country, I have not heard a word against it. When we consider the number of messages annually sent, and the competition the telegraph offers to the Post Office, I do not think there could be a fairer subject of taxation. The duty will, of course, fall upon those who use the telegraph. The amount of value of any estimates which can be made of the stamp duties is necessarily very vague indeed. By the amount of notes discounted at the banks we probably find an approximation to the mercantile transactions of the country; but it is evident that a great many transactions take place between individuals where a note never goes into the bank at all. However, if we take the average circulation of notes in the banks at three months, we can make a guess at the number that pass through their hands; but at the same time any estimate we might make would be far from accurate because we cannot tell the amounts of the notes.

I am told that in a large proportion of them the amount is small, probably under £50. It is also difficult to arrive at any thing like an accurate estimate of the number of transactions that take place in property. We may, it is true, make an approximation by reference to the registry offices of the country, but even then the result is any thing but certain. I therefore have great diffidence in offering the estimates I have formed upon such information as was within my reach. I think the amount we may expect to raise from stamps may be set down at $400,000. It may be something more; I do not think it will be much less.

I now propose, sir, to revert to another subject. It is well known—indeed, within the knowledge of every member of the committee—that the bank charters contain a clause requiring them to hold ten per cent. of their capital in government securities. It is probably known to most members that the clause was inserted when it was thought desirable by the administration of the Hon. Mr. Hincks to make a market for the Municipal Loan Fund bonds, and also with a view of rendering more secure the moneyed institutions of the country. There is this advantage to the banks, that it saves them the circulation tax to the amount of government securities they hold; but there is also a disadvantage in that they are obliged to leave a large part of their capital in securities which now yield them only 5 per cent. interest. And seeing there is really no security to the public by holding these bonds; that it is tying up the capital of the banks which might be usefully employed in the country, the Government have come to the conclusion that it is not desirable to retain the clause. They think that it is better that the banks should have the disposal of the whole of their capital; and that we should seek in other clauses that security which has been sought in the 10 per cent. clause. Therefore I propose that that clause should be repealed, which will give us a revenue of $36,000 on the amount of the securities they now hold. (Hear, hear.)

I have now fulfilled the disagreeable duty of indicating to the committee the various sources of revenue which the Government propose to ask the committee to create. I felt that I was going through a difficult, I might say a very painful task, to have to indicate that the requirements of the country are such as to necessitate the placing of all these burdens upon it. But I may remark, that I do not see the imposition of a stamp duty is a thing to be regretted. On the contrary, it is a matter of some gratification. (Opposition laughter.) And the reason

why I make the remark is, that it will enable us to deal with the other articles of customs in a manner different from that in which I have been able to do up to this moment. I have, at considerable length, stated the articles on which we could depend most for yielding a revenue ; and the result of the changes will bring into the treasury, according to my estimate, a sum of about two and a half millions annually. I will now give to the Committee as close an approximation as I can make of the effect of all the proposed alterations in the year 1863. I take the ordinary Customs Duties at $4,000,000, and special increase in customs at $1,200,-000 ; increased trade $750,000 ; stamps, $400,000 ; excise, 1,250,-000 ; ordinary revenue, $3,131,900 ; bank tax, $36,000 ;—making a total revenue, if the changes I propose are carried into law, of $10,767,000. The expenditure for the same year will be—ordinary estimates, $7,250,000 ; militia, $500,000 ; public works $500,000 ; ocean and river steam service, $436,000 ; seignorial interest, $160,000 ; township indemnity, $30,000 ; collection of revenue, $1,370,500—making a total of $10,246,500. This will leave a balance of receipts over expenditure of $521,000—that is to say, if the calculations I have formed prove correct on the average. The result would be a taxation of $521,000 more than our necessities required, and that brings me down to the point I now desire to touch upon. As I said before, it is my duty to recommend additional taxation upon the several leading articles which enter into general consumption, tea, sugar, coffee, &c. I now have to state to the Committee that I think the time has arrived when, taking advantage of the new taxation imposed across the line, we may re-consider the general rate of customs duties on manufactured goods imported into this country ; and I think we may now very properly endeavor to cheapen them to the general consumer. (Hear, hear.) If on the one hand I recommend an increase of certain duties, on the other I recommend a reduction. I think in fact that it is absolutely necessary this reduction should be made, because I find from the experience of past years that as the duty has been augmented the consumption has diminished. I may mention the case of one article as particularly illustrative of the fact I have mentioned — it is that of leather. In that article the importations ran up from $185,000 in value in 1852, to $514,000 in 1857—the duty having been in the previous year 14 and in that year 15 per cent. It was then increased and now bears a duty of 20 per cent,—so that instead of $514,000 worth being imported as in 1857, the value last year was only $281,000, and we absolutely suffered a considerable loss to the

revenue. Then, again, the same is the case with manufactured goods, such as boots and shoes. In 1852, the importations of these articles reached $230,000, and in 1855, $765,000. The duty was then increased, and is now 25 per cent; and the importations decreased in the same ratio, till last year they were only $280,000. In these cases, I take it, the figures most conclusively show that not only have we lost in duty but we have compelled the people to pay a higher price than before for articles that are of prime necessity. If it were not too late I might adduce many more illustrations in regard to this point. But it is not so much to the effect upon the revenue that I would draw attention as to the fact that we have now an opportunity of reinvigorating our trade by reducing the duty on foreign goods. (Hear.) I propose making a reduction of the 20 per cent list to 15 per cent, and of the 10 per cent. to 7½. (Hear, hear). That is to say, I propose a reduction on all manufactured goods imported and *quasi* raw material, such as iron, steel, &c., of twenty-five per cent on the present duties. I also propose to replace, in what I take to be their proper position, some articles that are now on the list of goods paying 30 and 25 per cent. I think the time has come when it will be found advantageous to our revenue to aim directly at one object in the alterations we propose—we must seek to get the utmost amount we can, coupled with unrestrained and unembarassed trade. Now, if on the one hand we get increased trade by a low tariff of customs, it is equally clear on the other that every article made in the country will be decreased in value to the consumer by the reduced amount of duty imposed upon that particular article at the custom-house. It is not merely on the quantity of imports and articles taxed that the price is raised, but every similar article consumed in the country is increased in price tantamount to the duty imposed. Therefore I say the reduction of duty on the whole of the foreign goods imported is a boon equivalent, or nearly so, to the burden imposed upon the people by the increase on those articles of general consumption, such as tea, sugar and coffee. And I will give the estimated result to show this to be the case. The reductions I have mentioned in the duties on the reduced importations of this year would amount to no less than $800,000, which in ordinary years when there would be no falling off in the imports, would be increased by $200,000 more,—making a total reduction of $1,000,000. Now, as I have already said, the increased duties on tea, sugar, &c., amount to $1,275,000. Consequently, the reduction on the articles I have indicated is equal, or very nearly equal, to the increase on tea and sugar. I think, Sir, no one disputes that it would be to the advantage of

this country rather that the duty shall be levied on these two articles than that very numerous articles should be subjected to a higher rate of duty than that at present imposed. And this brings me to the consideration of another subject.

We cannot avoid seeing that one of the causes which will operate against the United States, both in retaining their present inhabitants and in attracting additional population is found in the very high duties they have been compelled to impose. If our duties are less than theirs, we may reasonably hope that a large amount of immigration may be attracted to our shores. I think, also, it will be found that a very considerable increase in our trade will be the result of the mode I propose to adopt in the imposition of duties. It is quite within the knowledge of every member of the Committee that, justly or unjustly, strong opinions are held not only in England but in the United States as to what they are pleased to call our very high customs' duties. They have never taken into account the circumstances which have compelled the imposition of those duties, for there never was a time before in which the Legislature could consider such a method of raising the revenue as is now proposed. Never before were we able to raise the revenue of the country in any other way than by comparatively heavy duties on imported goods, and there has hitherto prevailed great ignorance of the circumstances under which our financial legislation has previously taken place. We are now permitted by circumstances to reconsider this legislation, and to place it on a footing which will be more consistent with sound political economy, and consequently more conducive to the prosperity of the people. In addition to the causes which I have already mentioned as being of a nature that may well lead us to consider the propriety of reducing our duties, it must also be remembered that it is very desirable, when we are engaged in the consideration of the question of the defence of the country, that we should do our best to deprive the only party in Great Britain who are opposed to the maintenance of the connection with the mother country—of which we are so proud and to which we are all so devoted—of the sole cause of complaint which they can bring against us. (Hear.) Again, in the case of the United States, it is evident that the ground upon which they have endeavoured to set up an agitation upon the subject of the Reciprocity Treaty, rests precisely on the same footing as the complaints made in the mother country. There they have endeavored to arouse the selfish feelings of the New England manufacturers and to yoke that interest with the forwarding interest of the State of New York, so as to foment an agitation against the treaty for their own unworthy

objects. If we can do so with advantage to ourselves and without detriment to the revenue, it should be an object with us to endeavor to satisfy parties with whom we have such large commercial transactions. (Hear.) It is, too, undesirable that the trade of the Province should be confined to two markets. At present there are practically but two markets to which our produce goes, and from which we can obtain supplies. One of these is Great Britain ; the other, the United States. Now the cause of the suffering in this country at the present time, has arisen from one of those markets being closed to our trade. How is it, on the other hand, that under circumstances hitherto unparralled in regard to the want of the staple article of cotton, Great Britain has maintained her position during the past winter? It is this, that although she is dependent on the United States for an article important to her manufacturers, the various branches of her industry are so diversified, and her connexion with other countries is so intimate, that when one channel of trade is closed another opens and she is not depressed to any thing like the extent we ourselves are. We are suffering from the loss of a market in the United States, and we ought to try and open other markets to our trade. We ought to endeavour to seek such commercial relations with other countries, as will not place our merchants entirely at the mercy of one or two countries. And this recalls to my mind the liberal treatment we have received from the Government of France. The French Government have, with the utmost liberality, admitted all Canadian produce almost free into their markets, and they have also extended to our shipping the same advantages which they have conferred on that of England. They have given to Canada boons such as they have not given to any other colony, and such also as are only enjoyed by Great Britain herself. A year ago we reduced to a certain extent the duties on French goods. We were immediately met by liberal corresponding action on the part of France, which met us more than half way. (Hear, hear.) The French market being thus opened to us, we ought to do all in our power to encourage trade with that country. Such trade can only be carried on in one way—by shipping our produce to that country and receiving its goods in return. If you hope to send timber and grain, you must expect to get back French wines and other French products in their stead ; and therefore, when imposing our duties, we ought to be particularly cautious that we do nothing we can avoid to militate against that trade. I am satisfied that the adoption of the measures for the reduction of our duties which I shall have the honor to sub-

mit on a future occasion, will do more to encourage our trade with France and to develop our trade with England and the United States than any other measures which this Committee could adopt.

Mr. McGee—Will the Finance Minister inform the House whether there has been any correspondence between the Government of this country and that of France?

Hon. Mr. Galt—I may state to my hon. friend that no official correspondence could take place between a Colonial Government and the Government of a foreign country. The French Government, however, have in the person of their consul here, the Baron Boilleau, a gentleman of great intelligence and of almost universal knowledge—(hear, hear.)—who has aided us in the development of our trade with France to such an extent as must make him and the country he represents worthy of the warmest thanks of every Canadian. (Hear, hear.)

Mr. McGee—My object in putting the question was to elicit the manner in which this desirable state of things has been brought about. The inference I draw from the Finance Minister's remarks is that communication must have been had with some one connected with France, so as to have produced the corresponding action of which he has spoken.

Hon. Mr. Galt—The inference was a correct one. Although no official correspondence can take place, fortunately the distinguished gentleman to whom I have referred has seen the importance of developing the trade of this country with France, and has pressed his Government to extend those facilities to our trade which had previously by treaty been extended to the trade of England. (Hear, hear.)

I have now, Sir, very nearly completed the task which I imposed upon myself when I first rose to address the Committee. I have endeavoured frankly to place before you the state in which the finances of the country will in my opinion be, in the year 1862. I have stated what provision I considered ought to be made for those necessities in this year, and the mode in which that provision might be made. I have also gone further, and indicated that I thought the time had arrived when circumstances were favourable to the reconsideration of our customs and excise duties. I have also stated to the Committee the sources from which I expect to derive the revenue for the year.—I have said that I regard the consumption of the country in other articles as

equally entitled to be relieved from charge as the consumption of sugar and tea, while the articles last named possess the singular advantage, that the duty is readily obtained, being levied at one or two points, with the least possible expense and the greatest possible certainty. The consumption of manufactured goods necessarily varies as to amount with the circumstances of the people, but the consumption of tea and sugar does not vary in the same proportion. It is much more settled, and there is much more certainty of obtaining from them a specific amount of revenue within a given time. I have already explained that the duties which are proposed to be placed upon tea and sugar and the other articles are each and all of them lower than the duties on the corresponding articles which it is proposed to impose in the United States. In connection with this, I should like to state for the information of the committee the duties upon some of the leading articles in the United States and in Canada. I am the more desirous of doing so now because I think a good deal of misapprehension exists or at least did exist, on the subject of the American and Canadian Tariffs, because at this moment the impression has become general that the American tariff has largely increased. But that is not the fact. The last increase was that introduced by what is known as the Morrill Tariff, passed in March, 1861.

There have been changes with regard to tea and sugar and a few other articles since, but the bulk of the articles are still under the Morrill Tariff. I will occupy the time of the Committee for a few minutes while I mention the duties on some of them. On china and earthenware, the American duty is 30 per cent; by our tariff, it is 20 per cent; I propose to make it 15. On clothes ready made the duty is 30 per cent. in the States, 25 with us, and I propose to make it 15. On coffee green, the American duty is 5 cents a lb. equal to 42 per cent; I propose to make it 2 cents a lb. added to the 5 per cent. *ad val.* On cottons the duty varies from 50 to 30 per cent in the States; here it is now 20 per cent, and I propose to make it 15. On dried fruits, the duty in the United States averages 5 cents a lb. equal to 83 per cent; with us the duty is 20 per cent, and I propose to leave it. On drugs and medicines the American duty varies from 10 to 30 per cent; ours is 25 per cent, and I propose no change. On glass and glass ware, the American duty is 30 per cent, ours is 20 per cent, and I propose 15. On pig iron the duty in the States is $6 per ton, equal to 75 per cent.; with us it is now free and will remain so. Bar and rolled iron, of the value of $30 per ton pays $15, equal to 50

per cent. in the States; with us it pays 10 per cent, and I propose to make it 7½. On manufactured iron the duty in the States is 30 per cent; with us it is partly 10 and partly 20; I propose to make it partly 7½ and partly 15. Sole and bend leather pays 30 per cent. in the States; with us 20, and I propose that it shall be 12½. Molasses, worth 20 cents a gallon, pays 6 cents a gallon or 30 per cent. in the States; here it will be subject to a duty of 3 cents a gallon, in addition to the 10 per cent *ad valorem*. Salt is subject to a charge of 18 or 12 cents per 100 lbs. in the States, according as it is in bags or in bulk; in Canada it is free. Silks, satins and velvets pay from 30 to 40 per cent. in the States; here 20, and I propose 15. Spices, cinnamon, cloves, &c., pay from 40 to 100 per cent. in the States; with us, from 20 to 30. Refined sugar pays 5 cents per lb., equal to 71 per cent. in the States; the rate that will be imposed here will be somewhere about 40 per cent; at present it is 25. Raw sugar pays 2½ cents per lb., or 45 per cent. in the States; with us it will be little less. Tea pays 20 cents a lb. in the States; at the present value of tea, our duty would be 14 cents, making a difference of 6 cents less here than in the States. Woollens pay from 25 to 40 per cent. in the United States; with us 20, and I propose to make the duty 15.

Hon. Mr. FOLEY—A great boon to the woollen manufacturers!

Hon. MR. GALT—I hope it will be a boon to the country at large, and I do not think we are in circumstances to extend special boons at present to any class of the community. I think we are bound to endeavour at present to make our taxation apply to all members of the community, irrespective of their particular avocations. It may be said that parties engaged in the woollen trade for instance, may think themselves injured by our going back to the duty as it was three years ago. I do not know, however, that they had any right to expect an increase in the duty, or that they can sustain any injury by our going back to the former rate. But, if the particular article they make is subjected to a lower rate of duty when imported, it must be remembered that, as regards the United States, the cost of the article has been greatly enhanced by the taxation and the expenditure imposed upon it there, and that in reality the cost in the United States will be larger than it was a year ago. Consequently the difficulty the manufacturer there has in competing with the manufacturers in this country, is equivalent in my opinion to at least 5 per cent. (Hear, hear.) With regard to cottons the case is still stronger. Ours is an *ad valorem* duty of 20 per cent., on cottons. Now, it is notorious that the price of cottons has advanced from 50 to 100 per cent. Consequently the

20 per cent. we are now charging is practically to the consumer 40 per cent, on the same amount of goods, the same number of yards he uses—40 per cent if the price has doubled, 30 per cent if it has risen one half. These are considerations which must be in the minds of the Committee when we are considering the question of taxation. It is plain that, if we maintain the rate so high that parties cannot obtain the goods at prices at which they have previously obtained them, it will limit the consumption. If we can, by reducing the duty on an article, enable persons to obtain a larger quantity at the same price, it is clear we have promoted the welfare of the country in so doing. The result of the measure which I have had the honor to introduce this evening, if it should receive the approval of the legislature, will, I think, be in many respects beneficial to the country I think it will certainly re-establish the credit of the country on a basis from which it cannot be shaken. (Hear, hear.) I think it will encourage immigration to the country by making as marked a difference as possible in our favor between the charges of living here and the charges of living in the United States.

It is clear that if we were to cease our efforts for the settlement of the country, if we were to put a stop at once to the various schemes we have on hand at this moment for the purpose of promoting it—if we were to do this, there is no doubt we might save a good deal of money. But I do not believe that would be a sound course to pursue. I do not think, because we have a temporary difficulty to meet, we should abandon those plans for the general settlement and improvement of the country which we have initiated. (Hear, hear.) Therefore on this occasion, while I have felt the necessity as far as possible of cutting down the outlay in every branch of the public service, while I have felt that necessity as strongly as any member of this House can feel it, at the same time I have not hesitated to recommend in the estimates which are in the hands of members, a double grant for the settlement of the country and the continuation of those Colonization Roads which have done so much good already. (Hear.) Notwithstanding that I felt the difficulty in which I should be placed in coming before the House this evening, notwithstanding that no one could understand better than I did the effect of the statement I was to make, I have not hesitated to increase that difficulty rather than to diminish it, by providing means for objects whereby I hope to see the prosperity of the country promoted. (Hear, hear.) And notwithstanding the temporary difficulties in which we are placed, it is well to remember that, if the House assents to every item of the taxation I have mentioned, the

amount per head of the population will not be so great as it was five years ago. (Hear, hear.) I wish the House to remember that the taxation, if carried out to the uttermost extent I have indicated, will not place so heavy a burthen on the people as they bore five years ago. It is otherwise distributed, but it will not be larger per head.—It will be less. At the same time we have not seen that the burden which the country carried five years ago in any way retarded its progress. Nor do I believe that what we now do will hereafter affect its settlement; the maintenance and extension of our educational and judicial systems, are objects far too valuable to be sacrificed on account of any temporary difficulty we may feel in paying the taxation necessary to provide for them. (Hear, hear.) I have no idea that the progress of Upper Canada will be in any way arrested or impeded. I look forward with perfect confidence that at the end of the next decade the progress of that section of our country will be much greater than it has been. I know that in the race of progress Upper Canada will hold her own; but I believe also, sir, that the next ten years will see a great and marked change in Lower Canada. (Hear, hear.) If we look back to ten years ago, we shall find that the mind of Lower Canada was not awakened to the great importance of the settlement of the country. But we now see the intelligence of Lower Canada awake and active in the endeavor to bring here the emigrant and the settler to fill its fertile fields with industrious laborers. And I believe that if the progress of Upper Canada continues as it has, the progress of Lower Canada will be even better. (Hear.) I do hope, sir, that whatever may betide, whatever circumstances may arise, we shall see on all sides, and in both sections, only generous emulation as to which shall be first in the race of progress, first in intelligence, and first in maintaining the honor and dignity of the country. (Hear, hear.)

APPENDIX I.

TABULAR STATEMENTS OF MR. GALT'S FINANCIAL ESTIMATES.

Table I. Expenditure for 1862.
" II. Revenue for 1862, under existing laws.
" III. Estimated result of the proposed changes in the laws.
" IV. Statement for 1862.
" V. Statement for 1863.
" VI. Memorandum.

APPENDIX II.

THE STATISTICAL TABLES ALLUDED TO BY MR. GALT.

Table I. National debts of several countries, &c.
" II. The annual expenditures of the same countries.
" III. The expenditures of several of the British Colonies.
" IV. The relation between the population and debt of Canada for several years past.
" V. The increase in the population, wealth, &c., of Canada, between the census of 1852 and 1861.
" VI. The American and Canadian tariffs compared.

APPENDIX I.

I.—EXPENDITURE FOR 1862.

Total amount of Estimates, as brought down		$ 7,132,528
Militia		850,000
Ottawa buildings		700,000
Other public works including Court Houses and Gaols, L. C.		639,000
Ocean and River Steam Service		436,000
Redemption of Seignorial rights—		
Capital, say	$800,000	
Interest, say	160,000	
		960,000
Townships' Indemnity Fund, say		40,000
Redemption of Public Debt		399,030
		$11,156,558
Collection of Revenue—		
Customs	$364,000	
Excise	50,000	
Post Office	442,000	
Public Works	250,000	
Territorial	200,000	
Fines and forfeitures	14,500	
Special Funds	50,000	
		1,370,500
Total		$12,527,058
Revenue, as per other table		7,375,050
		$5,152,008
Mem.—Total expenditure	$12,533,658	
Deduct—Extraordinary as per table	2,379,030	
Ordinary expenditure, 1862	10,154,628	

II.—REVENUE FOR 1862, UNDER EXISTING LAWS.

CUSTOMS.

Note.—Our comparative loss up to April 1st., is 33 per cent of last year's revenue. Since then, to May 13th.. our loss is but 15 per cent.

Total to May 13th., a loss of 26 per cent.

Revenue for 1861		$4,774,000	
Loss to May, 13th., 1862	$495,854		
15 per cent on balance of year	437,400	933,254	
			$3,840,746
EXCISE.			
Spirits		$270,749	
Beer		55,480	
Licenses		76,175	
			402,404
VARIOUS ITEMS.—See estimates			3,131,900
Total			$7,375,050

APPENDIX I.—*Continued.*

III.—ESTIMATED RESULT OF THE PROPOSED CHANGES IN THE TARIFF, EXCISE, STAMPS, AND BANK TAX.

CUSTOMS.

Additions.		Reductions in Duties.	
Sugar refined, 2 cents per lb. . .	$13,580	Estimated at	$800,000
" raw, 2 " . . .	808,510	For ½ year, say	500,000
Molasses, 3 cts. per gal. . .	38,757		
Tobacco, man'd., 2 cts. per lb. .	50,896		
Coffee, 2 cents per lb.	20,220		
Tea, 10 cents per lb.	474,510		
Confectionary, 5 per cent adl. . .	2,100		
	$1,408,573	But increased imports, consequent on reductions, will be $4,000,000, on which 15 per cent is	$600,000
For ½ year, say	$600,000		
Add gain from reductions in ½ year	$100,000	Shewing a gain by tariff reductions of	$100,000
Total gain ½ year. . .	$700,000		

EXCISE.

Beer, 2 cents per gal.	$110,960
Spirits 14 cents per gal.	591,296
Rectified do. 10 cents.	84,530
Tobacco, 3 cents per lb.	57,030
Licenses (Tobacco)	1,500
	$845,316

STAMP DUTY.

For the year. $400,000	
½ year.	$200,000

BANK TAX.

Year. $36,000	
½ year.	$18,000

TOTALS—HALF YEAR.

Customs.	$700,000
Excise.	422,658
Stamps	200,000
Bank Tax	18,000
	$1,340,658

IV.—STATEMENT FOR 1862.

Amount of provision required for 1862		$5,152,008
Of which may be raised by loans, &c.:		
Militia—Armories	$240,000	
" Clothing	240,000	
	$480,000	
Ottawa Buildings	700,000	
Seignorial Tenure	800,000	
Redemption M. L. F.	399,030	
		2,379,030
Deficit for 1862—under existing laws		2,772,978
Receipts from new taxes, ½ year		1,340,658
Deficit—1862		$1,432,320
Required to be raised by credit:—		
Permanent outlay		$2,379,030
To be raised by the proposed Exchequer Bills		$3,811,350

APPENDIX B.—*Continued.*

V.—STATEMENT FOR 1863, UNDER THE PROPOSED CHANGES.

Revenue :		
Customs—Ordinary	$4,000,000	
Special increases	1,200,000	
Increased Trade	750,000	
Stamps	400,000	
Excise—Ordinary and additional	1,250,000	
Ordinary Revenue, &c.	3,131,900	
Bank Tax	36,000	
		$10,767,900
Expenditure :		
Ordinary estimates	$7,250,000	
Militia	500,000	
Public Works	500,000	
Ocean and River Service	436,000	
Seignorial Interest	160,000	
Townships do.	30,000	
Collection of Revenue	1,370,500	
		10,246,500
Margin		$521,400

VI.—MEMORANDUM TO ACCOMPANY THE PRECEDING TABLES.

Adding to the population for 1861, viz :	2,507,657
3.47 per cent for increase for a year	87,015
We have as the population for 1862	2,594,672

Thus, before we exceed the debt and expenditure, per head, of 1858* when the population was 2,260,677, we may increase our Debt to . . $63,006,000
And Expenditure to . . $10,251,900

* See Statistical Tables.

APPENDIX II.—*Continued.*

TABLE SHOWING THE NATIONAL DEBTS OF SEVERAL EUROPEAN COUNTRIES AND THE ANNUAL CHARGES DUE THERETO.

Mainly abridged from Maurice Block's Statistiques de la France.

Country.	Year.	Capital of Debt.	Annual charge.	Per cent. of all public expenditure.	Charge for each inhabitant.
Great Britain.....	1857	£796,614,000	£27,807,291	31.08	£0 19 10¾
France.....	"	333,370,000	12,312,673	16.20	0 6 9¼
Austria.....	"	186,041,666	7,630,874	27.00	0 4 0½
Prussia.....	"	36,337,500	1,929,687	11.00	0 1 11¾
Holland.....	"	94,010,416	2,041,929	46.04	0 12 0
Belgium.....	"	26,916,666	1,529,109	28.02	0 6 5¼
Canada.....	1861	£11,665,295 Stg.	£657,291	35.27	£0 5 2¼
United States.....	1862	[conjectural] £200,000,000	£16,000,000	75.00	£0 16 0

The figures, having undergone several reductions, from francs to pounds, &c., may not be exactly correct, though they are relatively so.

TABLE SHOWING THE ANNUAL EXPENDITURES OF SEVERAL OF THE EUROPEAN COUNTRIES.

Country.	Year.	Expenditure.	Per head, Stg.
Great Britain.....	1860	£72,578,632	£2 8 9
France [as per budget].....	"	francs. 1,825,854,379	fr. 50½=£1 19 11¼
Austria.....	"	florins. 386,047,100	fl. 11=£1 2 4½
Prussia.....	"	thalers. 130,615,255	th. 7½=£1 1 8¼
Holland.....	"	guilders. 86,535,264	gl. 24¾=£2 1 3
Belgium.....	"	francs. 191,225,990	fr. 41=£1 12 5½
Canada.....	1861	$9,318,180	$3 71=£0 14 10¼

This Table is calculated from figures supplied by Mr. Horn, in his "*Annuaire du Crédit Public*, 1862." The British and Canadian expenditures are from official documents. The Canadian expenditure is the "ordinary expenditure" for the year.

APPENDIX II.—*Continued.*

TABLE SHOWING THE EXPENDITURES OF SEVERAL OF THE BRITISH COLONIES.

Colony.	Population	Census.	Expenditure.	Year.	Per head.
			£		£ s. d.
Canada	2,507,657	1861	1,863,636	1861	0 14 10¼ Stg.
New Brunswick	252,000	1861	161,800	1861	0 12 10
Nova Scotia	330,857	1861	203,500	1861	0 12 3¼
P. E. Island	71,496	1856	28,846	1858	0 8 0¾
Newfoundland	122,638	1857	173,965	1858	1 8 4¼
New South Wales	342,062	1858	1,571,363	1858	4 11 10¼
Victoria	504,519	1858	2,365,856	1858	4 13 9¼
Queensland	30,000	1861	197,663	1861	6 11 6¼
South Australia	118,665	1858	543,025	1858	4 11 6¼
Tasmania	84,000	1858	560,488	1858	6 13 5¼
New Zealand, whites	59,328	1858	341,655	1858	5 15 2
Cape of Good Hope { White 102,156 / Col'd. 164,940 }	267,096	1856	494,989	1858	1 17 0¼
Ceylon { White 4,857 / Col'd. 1,722,957 }	1,727,814	1858	698,268	1859	0 8 1
Mauritius { White 95,829 / Col'd. 142,534 }	238,363	1857	572,479	1859	2 8 0¼
Hong Kong { White 1,034 / Col'd. 85,907 }	86,941	1859	72,390	1860	0 16 7¾
Bermudas	10,982	1851	18,180	1859	1 13 1¼
Bahamas	27,519	—	29,457	1857	1 1 4¾
Jamaica { White 15,776 / Col'd. 361,657 }	377,343	1844	262,142	1859	0 13 10¾
Guiana	127,695	1851	272,132	1858	2 2 7¼

This table is compiled from the "Colonial Office List, 1862, by Wm. C. Sargeaunt and Arthur N. Rich, of the Colonial Office." The figures for Canada, New Brunswick and Nova Scotia are from Official Statements.

APPENDIX II.—*Continued.*

TABLE SHOWING THE RELATION BETWEEN THE POPULATION AND DEBT OF CANADA FOR TEN YEARS PAST.

Population, as per census,	1852	1,842,265.
Do.	1861	2,507,657.

This is an annual increase of about 3.47 per. ct., and the population of the Country in each year may be taken as under :

In 1852	1,842,265	In 1857	2,184,863
Increase	63,926	Increase	75,814
In 1853	1,906,191	In 1858	2,260,677
Increase	66,145	Increase	78,446
In 1854	1,972,336	In 1859	2,339,123
Increase	68,440	Increase	81,168
In 1855	2,040,776	In 1860	2,420,291
Increase	70,815	Increase	83,984
		Accumulated error	3,382
In 1856	2,111,591		
Increase	73,292	In 1861	2,507,657

Taking these figures, we have the following :

Year.	Population.	Debt.	per head.
1852	1,842,265	$22,355,413	$12 13
1853	1,906,191	29,922,752	15 68
1854	1,972,336	38,851,833	19 61
1855	2,040,776	45,855,217	22 47
1856	2,111,591	48,757,619	23 09
1857	2,184,863	52,334,911	23 97
1858	2,260,677	54,892,405	24 29
1859	2,339,123	54,142,044	23 10
1860	2,420,291	58,292,469	24 08
1861	2,507,657	58,326,478	23 21

Year.	Population.	Interest on Debt. *	per head.
1858	2,260,677	$3,030,899	$1 34
1861	2,507,657	3,286,457	1 31

Year.	Population.	Expenditure, ordinary.	per head.†
1858	2,260,677	$8,939,809	$3 95
1861	2,507,657	9,318,180	3 71

* Charges taken from Auditor's Statements :

In 1861, to	$3,130,988	
Add,	155,469	Unfunded.
	$3,286,457	

† The saving of 24 cents per head on a population of 2,507,657 is equal to $601,837 68.

TABLE SHOWING THE INCREASE IN THE POPULATION, WEALTH AND PRODUCTIVENESS OF CANADA BETWEEN THE CENSUS OF 1852 AND THAT OF 1861.

APPENDIX II.—*Continued.*

TABLE SHOWING THE INCREASE IN THE POPULATION, WEALTH AND PRODUCTIVENESS OF CANADA BETWEEN THE CENSUS OF 1852 AND THAT OF 1861.

	Census.	Population.	Lands held. [acres.]	Under cultivation. [acres.]	Cash value of farms. [$]	Value of live stock. [$]	Wheat raised. [bus.]	Other grains and peas raised. [bus.]	Flax. [lbs.]
Canada West.....	1852	952,004	9,825,915	3,702,758	[not taken]	[not taken]	12,082,550	17,732,169	59,680
" "	1861	1,396,091	13,354,907	6,051,619	295,162,315	53,227,516	24,630,425	38,122,340	1,225,937
Increase per cent.....		46¾	35¼	63½	....	....	103¼	115	1954
Canada East.....	1852	890,261	8,113,408	3,605,167	[not taken]	[not taken]	3,073,943	12,147,070	145,759
" "	1861	1,111,566	10,223,959	4,678,900	168,432,546	24,572,124	2,563,114	23,534,703	976,495
Increase per cent.....		25	27¾	29¾	....	....	16 decrease	93¾	570
All Canada.....	1852	1,842,265	17,939,323	7,307,955	[not taken]	[not taken]	15,156,493	29,879,239	205,415
" "	1861	2,507,657	23,578,866	10,730,519	463,594,861	77,799,640	27,183,539	61,657,043	2,202,432
Increase per cent.....		36	31¼	46¾	....	....	79	106¼	972

NOTES.—Subtracting from the total population, in 1861, the figures returned by the enumerators specially appointed for Cities and Towns, viz:—C. E., 153,389; C. W., 103,384; together 257,273, we have for the rural population of C. E., 958,177; of C. W., 1,292,207; of all Canada, 2,250,384, giving as the cash value of farms *per* head of the rural population, men, women and children—in Canada East, $175¾; in Canada West, 228¾; in all Canada, $206.

The wheat grown in Upper Canada, in 1860, was raised from 1,386,366 acres, a crop of 18 bushels per acre.
" " 1851, " 798,275 " 15¼ "

APPENDIX II.—*Continued.*

TABLE SHOWING THE DUTIES ON THE UNDERMENTIONED ARTICLES ACCORDING TO THE AMERICAN AND CANADIAN TARIFFS.

Articles.—Values.	American Tariff.		Canadian.
China and Earthenware		30 p. c.	20 per cent.
Clothes, ready made		30 "	25 "
Coffee, green, 12 cts. per lb	5 ct. per lb	=42 "	10 "
Cottons	Varying from 30 to	50 "	20 "
Dried fruits, average 6 cts	5 cts. per lb	=83 "	20 "
Drugs and Medicines	Varying from 10 to	30 "	25 average.
Glass and Glassware		30 "	20 "
Iron, pig, say $8 per ton	$6 per ton	=75 "	Free.
" bar and rolled, say $30	$15 "	=50 "	10 "
" manufactured		30 "	10 & 20 "
Leather, sole and bend		30 "	20 "
Molasses, 20 cts. per gallon	6 cts. per gallon	=30 "	15 "
Paints, [white and red lead,] 6 cts	2½ cts. per lb	=36 "	10 "
Salt, in bags	18 cts. per 100 lbs.		Free.
Salt, in bulk	12 cts. " "		Free.
Silks, Satins, Velvets, &c	Varying from 30 to	40 "	20 "
Spices—			
Cinnamon, say 20 cts	20 cts. per lb	=100 "	30 "
Cloves 10 "	8 " "	=80 "	20 "
Ginger, root 15 "	3 " "	=20 "	20 "
Nutmegs 40 "	25 " "	=62 "	30 "
Spirits		50 "	51½ average
Sugar, refined, 7 cts. per lb	5 cts. per lb	=71 "	25 "
" raw, 5½ " "	2½	=45 "	15 "
Tea 34 " "	20 cts	=59 "	10 "
Wine		50 "	20 "
Woollens	25 per cent. and 12 cts. per lb.	=40 "	20 "

The American Tariff taken is the Morrill Tariff, as amended in August and December, 1861. The Canadian duties are those now in force. The valuation of most of the articles is from our own Trade and Navigation Returns.

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